

10 JUL 26 P3 07

SENATE

Senate Bill No. 2030

RECEIVED BY: 

---

Introduced by SENATOR EDGARDO J. ANGARA

---

### EXPLANATORY NOTE

There is a need to expedite the rehabilitation and development of the Mindanao Region (the "Region") given the lack of development in certain areas on the Region as well as the debilitating effects of the recent conflicts.

Unfortunately, the public sector cannot provide enough funds for the total development and rehabilitation of Mindanao. The recent hostilities have also scared away numerous private investors fearful of the peace and order in the Region. There is, therefore, a crucial need to attract private investors to invest in Mindanao.

The approach to developing Mindanao should therefore be two pronged- by providing the Executive enough powers to expedite the development and rehabilitation of the Region, and by attracting private investors through a series of incentives over and above the existing incentives provided to other areas of the country and under existing laws.

The proposed Mindanao Development Incentives Act will provide the following incentives and powers:

1. Fiscal Incentives

1. Duty-free importation of raw materials and capital equipment, as well as exemption from value added tax;
2. 5% tax in lieu of all taxes except real property tax;
3. Tax credit of 200% of value of labor training expenses, and 300% in the case of labor training expenses for Muslims and other ethnic minorities;
4. Tax credit of 200% of research and development expense;
5. Allowance to carry over net operating loss for ten (10) years;
6. Reimbursement of cost for feasibility studies in areas deemed in critical need of investments;
7. Interest assistance by line departments for all loans availed of by registered investing enterprise.

2. Non-Fiscal Incentives

1. Nationality requirements shall not be required except those provided under the Constitution.
2. Labor disputes must be referred to a labor center for amicable settlement;
3. Infrastructure development and construction may be on build-operate-transfer basis, or other contractual arrangement, with the registered investor allowed to charge tolls and other fees;
4. Government financial assistance through Land Bank and DBP;

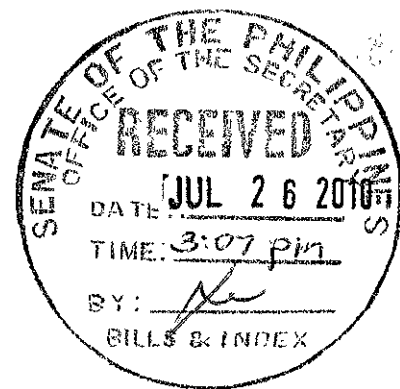
5. Incentives to expatriates such as multiple entry visas, final tax of 15% of gross income, tax and duty free importation of personal and household effects, travel tax exemptions;
  6. Exemption of private agricultural lands used by registered enterprises from CARL coverage under certain conditions;
  7. Basic rights and guarantees on repatriation of investments, remittance of earnings and freedom from expropriation.
3. Powers of the President
1. Authority to set in place such policies which will ensure that Mindanao becomes competitive and investor-friendly;
  2. Authority to realign funds from dormant or non-moving infrastructure projects to projects of immediate necessity;
  3. Authority to revoke or terminate existing contracts whenever it appears that the contractor is unreasonably delayed;
  4. Authority to resort to simplified public bidding in contracts for infrastructure development, construction and repair;
  5. Authority to declare economic zones with appropriate incentives;
  6. Authority to declare specific areas in the Region as underdeveloped and thus entitled to additional incentives and support;
  7. Authority to declare tax holidays over and above those presently enjoyed by existing economic zones;
  8. Authority to contract with private firms and entities for the latter to construct, build or rehabilitate public rural infrastructure and to be reimbursed in such manner and under such terms and conditions as the President may determine.

The foregoing incentives and powers are sufficient to encourage investment in Mindanao and ensure growth in the region.

For the above-mentioned reasons, approval of this bill is earnestly urged.

  
**EDGARDO J. ANGARA**  
Senator

FIFTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*First Regular Session* )



SENATE

Senate Bill No. 2030

---

Introduced by SENATOR EDGARDO J. ANGARA

---

AN ACT  
PROVIDING FOR INVESTMENT INCENTIVES TO  
ACCELERATE DEVELOPMENT IN MINDANAO, CREATING THE  
MINDANAO INCENTIVES DEVELOPMENT AUTHORITY FOR THIS  
PURPOSE, AND FOR OTHER PURPOSES

*Be it enacted by the Senate and the House of Representatives in Congress assembled:*

1           **SECTION 1. *Short Title.*** - This Act shall be known as the "**Mindanao**  
2 **Development Incentives Act.**"

3  
4           **SECTION 2. *Declaration of Policy.*** - The State recognizes the need to promote  
5 and accelerate the growth and development of the Mindanao Region, hereinafter referred  
6 to as the Region, in order to make it, at the least, at par with the other regions of the  
7 country and promote the overall growth of the Region in particular and national economy  
8 in general. The State takes note of the centuries-old conflict between the government and  
9 Muslim Mindanao and of the need to find a lasting solution rooted in the social,  
10 economic and cultural realities. The State further recognizes the vast potential of the  
11 Region, including its immense natural resources, which remain largely untapped, and the  
12 need for public and private investment in infrastructure and spending to ensure the  
13 development of the Region.

14           Pursuant thereto, and in order to address effectively the conflict between  
15 government and Muslim Mindanao, it is the declared policy of government to actively  
16 encourage, promote, induce and accèlerate a sound and balanced agricultural, industrial,  
17 economic and social development in the Region in order to alleviate poverty therein,  
18 provide jobs to the people, especially those in the rural areas, increase their productivity  
19 and their individual and family income, and thereby improve the level and quality of their  
20 living condition and hence secure peace and stability in the Region through the provision  
21 *of economic and fiscal incentives and through measures that shall effectively attract*  
22 legitimate and productive local and foreign investments. The government shall  
23 furthermore undertake efforts to promote the development of the Region into the hub of  
24 investment, trade and commerce in the East Asian region through private capital and

1 investment which shall serve as the engines of growth and development of the Region,  
2 creating jobs, providing increased income and productivity, and bringing new  
3 technology.

4 **SECTION 3. *Creation of the Mindanao Incentives Development Authority.-***

5 There is hereby created a body corporate to be known as the Mindanao Incentives  
6 Development Authority, hereinafter referred to as MIDA. The MIDA shall have a  
7 Director-General with the rank of a department undersecretary who shall be appointed by  
8 the President. The director-general shall be at least forty (40) years of age, of proven  
9 probity and integrity, and have a strong knowledge or background in agriculture,  
10 investments , economics, business, public administration, law or their  
11 equivalent.

12 The Director General shall be assisted by three (3) deputy directors general each  
13 for policy and planning, administration and operations, who shall be appointed by the  
14 MIDA Board, upon the recommendation of the Director General. The deputy directors  
15 shall be at least thirty-five (35) years old, with proven probity and integrity and with a  
16 degree in agriculture, economics, business, public administration, law, management or  
17 their equivalent.

18 The Board shall be composed of the Secretary of Agriculture who shall serve as  
19 ex officio chairman, the Director General who shall serve as Vice Chairman, with four  
20 (4) members as follows: the Secretaries of the Department of Environment and Natural  
21 Resources, Department of Finance, Department of Trade and Industry and one (1)  
22 representative from the investors/business sector in Mindanao.

23 Members of the Board shall receive a per diem of not more than Five Thousand  
24 Pesos (P5,000) for every board meeting: Provided, however, that the per diem collected  
25 per month does not exceed the equivalent of four (4) meetings. Provided, further, that the  
26 amount of per diem for every board meeting may be increased by the President but such  
27 amount shall not be increased within two (2) years after its last increase. *[BCDA law]*

28  
29 **SECTION 4. *Functions and Powers of the Board.*** - The Board shall have the  
30 following functions and powers:

- 31 (a) Set the general policies' on the establishment of the enterprises that will  
32 register with MIDA;
- 33 (b) Review proposals for the establishment of MIDA registered enterprises, and  
34 to facilitate and assist in the organization of said entities;
- 35 (c) Provide assistance to registered enterprises to ensure that sufficient agro-  
36 industrial activities within the Region are undertaken, including agro-  
37 industrial processing, high-end technology production of high value crops,  
38 high-technology aquaculture farming, direct agriculture and biotech

1 industries, in coordination with the Department of Agriculture. The MIDA, in  
2 coordination with the Department of Agriculture and the Department of Trade  
3 and Industry, shall periodically furnish a list of agro-industrial activities which  
4 may be undertaken within the Region.

- 5 (d) Approve the annual budget of MIDA and its development plans;
- 6 (e) Issue rules and regulations to implement the provisions of this Act insofar as  
7 its powers and functions are concerned;
- 8 (f) Exercise its powers and functions as provided for in this Act; and
- 9 (g) Render annual reports to the President and the Congress.

10  
11 **SECTION 5. *General Powers and Functions of the MIDA.*** – The MIDA shall  
12 have the following powers and functions:

- 13 (a) To administer and supervise the incentive schemes of the Region according to  
14 the principles set forth in this Act;
- 15 (b) To register the enterprises in the Region in an efficient and expeditious  
16 manner;
- 17 (c) To coordinate with regional development councils and other development  
18 bodies in the identification and preparation of development programs and  
19 projects in the Region;
- 20 (d) To recommend to the President and Congress such other incentives,  
21 concessions or preference necessary to fully implement the letter and spirit of  
22 this Act;
- 23 (e) To adopt, alter and use a corporate seal; make contracts, lease, own or  
24 otherwise dispose of personal or real property; sue and be sued; and otherwise  
25 carry out its duties and functions as provided for in this Act;
- 26 (f) To consult on a regular basis with the local government units, private sector  
27 and civil society on plans and policies to be formulated and promulgated;
- 28 (g) To monitor and evaluate the development and requirements of entities within  
29 the Region and recommend to the local government units or other appropriate  
30 authorities the location, incentives, basic services, utilities and infrastructure  
31 required or to be made available for said entities; and
- 32 (h) To accept any local or foreign investment, business or enterprise, subject only  
33 to such rules and regulations to be promulgated by the MIDA in conformity  
34 with the policies of the MIDA without prejudice to the nationalization  
35 requirements provided for in the Constitution.

36  
37 Within thirty (30) days from its constitution, the MIDA shall promulgate a  
38 priority investment plan over the Region in order to accomplish the intent of this Act.

1  
2           **SECTION 6. Powers and Functions of the Director General.** – The Director  
3 General shall provide overall supervision over the operations of the MIDA. He shall  
4 recommend to the Board the structure and the staffing pattern and personnel complement  
5 of the MIDA and establish regional offices, when necessary, subject to the approval of  
6 the MIDA Board.

7           In addition, he shall have the following specific powers and responsibilities:

- 8           (a) To safeguard all the lands, buildings, records, monies, credits and other  
9           properties and rights of the MIDA;
- 10           (b) To ensure that all revenues of the MIDA are collected and applied in  
11           accordance with its budget;
- 12           (c) To ensure that the employees of the MIDA are properly discharging their  
13           respective duties;
- 14           (d) To give such information and recommend such measures to the Board, as he  
15           shall deem advantageous to the Region;
- 16           (e) To submit to the Board, the ongoing and proposed projects, work and  
17           financial program, annual budget or receipts, and expenditures of MIDA;
- 18           (f) To represent the MIDA in all its business matters and sign on its behalf after  
19           approval of the Board, all its contracts, agreements and obligations made in  
20           accordance with this Act;
- 21           (g) To perform such other duties and exercise such powers as may be prescribed  
22           by the Board, and to implement the policies, rules and regulations set by the  
23           MIDA.
- 24

25           **SECTION 7. Autonomy of Local Government Units.** Except as herein provided,  
26 the local government units comprising the Region shall retain their basic autonomy and  
27 identity. The cities shall be governed by their respective charters and the municipalities  
28 shall operate and function in accordance with the Local Government Code.

29

30           **SECTION 8. Qualifications of a Registered Enterprise.** - To be entitled to  
31 registration under this Act, an applicant must satisfy to the Board that:

- 32           (a) He is a citizen of the Philippines, if an individual, or in case of a corporation,  
33           partnership or association, it is organized under Philippine laws and that at  
34           least sixty percent (60%) of the capital stock outstanding and entitled to vote  
35           is owned and held. by Philippine nationals as defined in Republic Act No.  
36           7042. If it does not possess the required degree of ownership as mentioned  
37           above, It will engage in an activity that is not within the activities reserved by

1 the Constitution to Philippine citizens or corporation owned and controlled by  
2 Philippine citizens;

3 (b) It shall make an initial investment in the Region in an amount not less than the  
4 equivalent of Two Hundred Fifty Thousand Dollars (US\$250,000), United  
5 States currency, unless a higher amount of investment is required under  
6 existing laws;

7 (c) The applicant will engage in an activity which will necessitate the  
8 employment of at least fifty (50) local employees;

9 (d) The applicant is capable of operating on a sound and efficient basis and of  
10 contributing to the development of the Region in particular and of the national  
11 economy in general; and

12 (e) If the applicant is engaged in undertakings or activities outside the Region, it  
13 has installed or undertakes to install an accounting system adequate to identify  
14 the investments, revenues, costs, and profits or losses of the project to be  
15 undertaken in the Region from the aggregate investment, revenues, costs, and  
16 profits or losses of the whole enterprise or to establish a separate corporation  
17 for the project to be undertaken in the Region if the Board so requires.  
18

19 **SECTION 9. *Basic Rights and Guarantee.*** - All investors and registered  
20 enterprises are entitled to the basic rights and guarantees provided in the Constitution.  
21 Among the other rights recognized by the Government of the Philippines are the  
22 following:

23 (a) *Repatriation of Investments.* In the case of foreign investments, the right to  
24 repatriate the entire proceeds of the liquidation of the investment in the  
25 currency in which the investment was originally made and at the exchange  
26 rate prevailing at the time of repatriation.

27 (b) *Remittance of Earnings.* In the case of foreign Investments, the right to remit  
28 earnings from the investment in the currency in which the investment was  
29 originally made and at the exchange rate prevailing at the time of remittance.

30 (c) *Foreign Loans and Contracts.* The right to remit at the exchange rate  
31 prevailing at the time of remittance such sums as may be necessary to meet  
32 the payments of interest and principal on foreign loans and foreign obligations  
33 arising from technological assistance contracts.

34 (d) *Freedom from Expropriation.* Except as provided in Section 9 (e) below,  
35 there shall be no expropriation by the government of the property represented  
36 by investments or of the property of the registered enterprise.

1 (e) *Requisition of Investment.* There shall be no requisition of the property  
2 represented by the investment or of the property of the registered enterprise,  
3 except in the event of war.  
4

5 **SECTION 10. *Policies.*** - The Region shall be subject to the following policies:

6 (a) Within the framework and subject to the mandate and limitations of the  
7 Constitution and the pertinent provisions of the Local Government Code, the  
8 Region shall be developed into a self-sustaining agricultural, agro-industrial,  
9 industrial, commercial, financial and investment center to generate  
10 employment opportunities in and around the Region and to attract and  
11 promote productive investments;

12 (b) Merchandise, raw materials, supplies, equipment, machinery, spare parts and  
13 wares of every description, agricultural and fisheries inputs brought into the  
14 Region by a registered enterprise to be sold within the Region, stored, broken  
15 up, repacked, assembled, installed, sorted, cleaned, graded or otherwise  
16 processed, manipulated, manufactured, mixed with foreign or domestic  
17 merchandise whether directly or indirectly related in such activity and brought  
18 out of the Philippines, shall not be subject to customs and internal revenue  
19 laws and regulations of the Philippines,, including value added tax, nor to  
20 local tax ordinances;

21 (c) The provision of existing laws, rules and regulations to the contrary  
22 notwithstanding, no taxes, national and local except real property tax, shall be  
23 imposed upon registered enterprises located within the Region. In lieu of  
24 paying taxes, three percent (3%) of the gross income earned by all registered  
25 enterprises within the Region shall be remitted to the National Government,  
26 one percent (1%) each to the local government unit having jurisdiction over  
27 the particular registered enterprise. In addition, there is hereby established a  
28 development fund of one percent (1%) of the gross income earned by all  
29 registered enterprises within the Region to be utilized for the development of  
30 the Region.

31 In case of conflict between national and local laws with respect to tax  
32 exemption privileges in the Region, the same shall be resolved in favor of the  
33 latter;

34 (d) Registered enterprises, establishing their production, processing or  
35 manufacturing plants in an area within the Region which the Board designates  
36 as necessary for the proper dispersal of the industry or in an area which the  
37 Board funds deficient in infrastructure, public utilities, and other facilities,  
38 such as irrigation, drainage and other similar waterworks infrastructure may



1 apply in payment of taxes due from it to the government an amount equivalent  
2 to 100% of the necessary and major infrastructure works it may have  
3 undertaken with the prior approval of the Board under such terms and  
4 conditions as the Board may determine and in consultation with other  
5 government agencies concerned, provided that:

6 (i) the title to all such infrastructure works shall, upon completion, be  
7 transferred to the Philippine Government; and

8 (ii) should the registered enterprise undertake necessary and major  
9 maintenance work on such infrastructure works with the prior approval of  
10 the Board, a similar incentive shall be given to it in an amount equivalent  
11 to the cost of such necessary maintenance.

12  
13 Provided, that in cases where the Board may certify that infrastructure or the  
14 rehabilitation thereof is urgently needed in specific areas, the registered enterprise  
15 undertaking the construction of infrastructure or rehabilitation thereof may apply in  
16 payment of taxes due from it to the government an amount equivalent to 200% of the  
17 necessary and major infrastructure works it may have undertaken with the prior approval  
18 of the Board.

19 Provided, further, that a registered enterprise shall be encouraged to undertake  
20 infrastructure and development projects, including but not limited to, power plants,  
21 highways, ports, airports, canals, dams, hydropower projects, water supply, irrigation,  
22 telecommunications, railroads and railways, transport systems, land reclamation projects,  
23 markets, slaughterhouses, warehouses, solid waste management, information technology  
24 networks and database infrastructure, education and development projects as may be  
25 authorized by the appropriate agency pursuant to this Act. Such projects shall be  
26 undertaken through contractual arrangements as defined hereunder and under Republic  
27 Act No. 6957, as amended, and such other variations as may be approved by the  
28 President of the Philippines.

29 For the construction stage of these infrastructure projects, the project proponents  
30 may obtain financing from foreign and/or domestic sources and/or engage the services of  
31 a foreign and/or Filipino contractor: Provided, That in case an infrastructure or a  
32 development facility's operation requires a public utility franchise, the facility operator  
33 must be Filipino or if a corporation, it must be duly registered with the Securities and  
34 Exchange Commission and owned up to at least sixty percent (60%) by Filipinos:  
35 Provided, further, That in the case of foreign contractors, Filipino labor shall be  
36 employed or hired in the different phases of the construction where Filipino skills are  
37 available: Provided, finally, That subjects which would have difficulty in sourcing funds  
38 may be financed partly from direct government appropriations and/or from Official

1 Development Assistance (ODA) of foreign governments or institutions not exceeding  
2 fifty percent (50%) of the project cost, and the balance to be provided by the project  
3 proponent.

4 All government infrastructure agencies, including government-owned and -  
5 controlled corporations and local government units are hereby authorized to enter into  
6 contracts with any duly prequalified project proponent for the financing, construction,  
7 operation and maintenance of any financially viable infrastructure or development facility  
8 through any of the projects authorized in this Act and other laws. Said agencies, when  
9 entering into such contracts, are enjoined to solicit the expertise of individuals, groups, or  
10 corporations in the private sector who have extensive experience in undertaking  
11 infrastructure or development projects.

12 (e) For the first ten (10) years from registration, a registered enterprise shall be  
13 allowed to deduct from its gross income earned two hundred percent (200%)  
14 of the value of the labor training expenses incurred for upgrading the  
15 productivity and efficiency of unskilled labor and of apprentices, provided  
16 that:

- 17 1. the training program is duly approved by the Board;
- 18 2. the deduction shall not exceed twenty percent (20%) of direct labor wage;
- 19 and
- 20 3. the apprentices shall be paid the minimum wage.

21  
22 Provided, that in case at least ten percent (10%) of the trainees or apprentices  
23 shall be Muslim or belong to other ethnic minorities, a registered enterprise shall be  
24 allowed to deduct from its gross income earned three hundred percent (300%) of the  
25 value of the labor training expenses incurred for upgrading the productivity and  
26 efficiency of the unskilled labor and apprentices belonging to the Muslim or other ethnic  
27 minorities.

28 (f) For the first ten (10) years from registration, a registered enterprise shall be  
29 allowed to deduct from its gross income earned two hundred percent (200%)  
30 of the value of the research and development expenses incurred relating to the  
31 business undertaken by the registered enterprise, provided that:

- 32 1. the research and development program is duly approved by the Board; and
- 33 2. the deduction shall not exceed ten percent (10%) of gross income of the  
34 registered enterprise.

35 (g) For the first ten (10) years from registration, a registered enterprise shall be  
36 entitled to reimbursement for expenses incurred in undertaking feasibility  
37 studies of projects deemed by the Board to be critical to development

1 objectives. Such reimbursement shall be given by the Department with  
2 authority over the specific project.

3 (h) For the first ten (10) years from registration, a registered enterprise may carry  
4 over its net operating loss as a deduction from its gross income earned for the  
5 next three (3) consecutive years immediately following the year of such loss.

6 (i) Private agricultural lands that have not been distributed and upon which no  
7 Certificates of Land Ownership Award have been issued shall be exempt from  
8 the coverage of Republic Act No. 6657, known as the Comprehensive  
9 Agrarian Reform Law ("CARL"); Provided, that such lands shall be directly  
10 and exclusively used by registered enterprises within the Region.

11 In cases where the lands have been subjected to the CARL, by voluntary offer to  
12 sell, or commercial farms deferment or notices of compulsory acquisition, a simple and  
13 absolute majority of the actual regular workers or tenants must consent to the exemption  
14 within one (1) year from the effectivity of this Act. Should the workers or tenants not  
15 agree to this exemption, the lands shall be distributed collectively to the worker  
16 beneficiaries or tenants who shall form a cooperative or association to manage the same.

17 The provisions of Republic Act No. 6657 to the contrary notwithstanding, land  
18 subjected to CARL may be mortgaged, leased, sold or otherwise disposed of in favor of a  
19 registered enterprise.

20 In cases where the lands have not been subjected to the CARL, the consent of the  
21 farm workers shall no longer be necessary. However, the provision of Section 32-A of  
22 Republic Act No. 7881 on incentives shall apply.

23  
24 **SECTION 11. *Labor Relations.*** The Region shall uphold industrial peace,  
25 harmony and productivity to establish a sound and peaceful investment climate and  
26 simultaneously promotes and enhances the lives and dignity of all workers.

27 Unless otherwise provided by law, all Philippine law and social security laws  
28 shall apply within the Region pursuant to the above-stated policy, all laws on strikes and  
29 lockouts will be strictly enforced.

30 MIDA shall establish a Labor Center which center shall be responsible for  
31 studying and amicably settling professional and labor relations and disputes,  
32 interpretation of employment contracts and monitoring work, hygiene and safety  
33 standards within the Region.

34 Subject to existing labor laws, as may be specified in employment contracts or  
35 collective bargaining agreements, all labor disputes must be brought before the Labor  
36 Center which will attempt to amicably settle the case. In case the Labor Center cannot  
37 settle the dispute amicably, it will certify the dispute for mediation or arbitration before

1 the proper office of the Department of Labor and Employment or the Secretary of Labor  
2 and Employment for compulsory arbitration or assumption of jurisdiction.

3  
4 **SECTION 12. *Government Assistance.*** Upon the recommendation of the MIDA  
5 Board and subject to the qualifications under its relevant charters, the Development Bank  
6 of the Philippines, Land Bank of the Philippines and similar government financial  
7 institutions are mandated to render financial assistance to registered enterprises in the  
8 Region which may be secured by an undertaking from the Government, through the  
9 Department of Finance, to issue a guarantee in favor of the aforementioned registered  
10 enterprise whenever warranted by the circumstances.

11 Depending on the nature of the registered enterprise, line departments shall be  
12 required to extend interest assistance to the extent determined by the appropriate  
13 Secretary for loans availed of by the registered enterprise pursuant to this Act.

14  
15 **SECTION 13. *Other Incentives.*** The expatriates employed by the registered  
16 enterprises shall be entitled to the following incentives:

- 17 (a) Upon submission of all necessary documents, the Bureau of Immigration shall  
18 issue the multiple entry special visa to foreign personnel of registered  
19 enterprises, their respective spouses and unmarried children under 21 years of  
20 age, if accompanying them or if following to join them after their admission  
21 into the Philippines as non-immigrant within seventy-two (72) hours upon  
22 submission of all required documents. This is without prejudice to the  
23 authority of the Department of Foreign Affairs to issue visas.

24 The visa shall be valid for a period of five (5) years to enter the  
25 Philippines. The admission and stay shall be coterminous with the validity of  
26 the multiple entry visa. The stay, however, is extendible to five (5) years upon  
27 submission to the Bureau of Immigration of a sworn certification by a  
28 responsible officer of the registered enterprise that is licensed to operate or  
29 registration remains valid and subsisting and that the registered enterprise has  
30 withheld tax due on compensation and the same has been paid to the Bureau  
31 of Internal Revenue.

32 Non-immigrants who have been admitted under the multiple entry special  
33 visa, as well as their respective spouses and dependents, shall be exempt from:  
34 the payment of all fees due under immigration and alien registration laws;  
35 securing alien certificates of registration; and obtaining emigration clearance  
36 certificates, except reasonable administrative costs. They are also exempt from  
37 all types of clearances required by any government department or agency,  
38 except that upon final departure from the Philippines the employer of the said

1 non-immigrants shall so advise in writing the Bureau of Immigration at least  
2 five (5) working days prior to the immigrant's departure and the finally  
3 departing non-immigrant employee shall be required to submit to the said  
4 office a tax clearance from the Bureau of Internal Revenue.

- 5 (b) Alien executives occupying managerial and technical positions employed by  
6 the registered enterprise shall be subject for each taxable year upon their  
7 gross income received as salaries, wages, annuities, compensations,  
8 remuneration and emoluments to a final tax equal to fifteen percent (15%) of  
9 such gross income. The same tax treatment is applicable to Filipinos  
10 employed and occupying the same positions as those aliens employed by  
11 registered enterprises, regardless of whether or not there is an alien executive  
12 occupying the same position.

13 Qualified Filipino employees shall have the option to be taxed at either  
14 15% of gross income or at the regular tax rate on their taxable income in  
15 accordance with the National Internal Revenue Code of 1997.

- 16 (c) An alien executive of the registered enterprise shall enjoy tax and duty free  
17 importation of personal and household effects as provided for under Section  
18 105(h) of the Tariff and Customs Code as amended, and Section 109 (I) of  
19 the National Internal Revenue Code, as amended; Provided, That the  
20 personal and household effects shall arrive in the Philippines within ninety  
21 (90) days before or after conversion of the alien executive's admission  
22 category to multiple entry visa issued under this Act.

- 23 (d) Foreign personnel of registered enterprises and the dependents of such foreign  
24 personnel if joining them during the period of their assignment in the  
25 Philippines shall be exempted from the payment of travel tax imposed under  
26 Section 1 of Presidential Decree No. 1183, as amended.

27  
28 **SECTION 14. *Simplified Public Bidding.*** As a general rule, contracts for  
29 infrastructure development, construction, repair, rehabilitation, improvement or  
30 maintenance should be conducted through public bidding pursuant to Republic Act No.  
31 6957, as amended. However, in the exigency of public service and national interest as  
32 may be determined by the President, and in order to achieve the objectives of this Act,  
33 simplified bidding through sealed canvass of at least three (3) pre-qualified investors may  
34 be resorted to. The process of selecting the prospective lessees and private investors shall  
35 be transparent, where procedures and selection process adapted are made public through  
36 newspaper advertisements and similar other means.

37

1           **SECTION 15. *Authority to Declare Economic Zones.*** The President is  
2 authorized to declare certain areas within the Region as economic, free trade, agro-  
3 industrial, agricultural, agri-tourism, or industrial zones qualified and eligible for all  
4 incentives provided for under this Act and other existing laws. The President is further  
5 authorized to declare areas within the Region as underdeveloped and therefore entitled to  
6 incentives and support over and above those provided in this Act.

7  
8           **SECTION 16. *Applicability to Existing Enterprises in the Region.*** The basic  
9 rights incentives granted under this Act may be availed of existing business enterprises  
10 within the Region provided that these enterprises possess the minimum qualification as  
11 set forth in Section 8 and they register with the MIDA within six (6) months from the  
12 effectivity of the rules implementing this Act.

13  
14           **SECTION 17. *Coordination with Various Government Organizations.*** - The  
15 Board shall consult and coordinate with existing government organizations including the  
16 Autonomous Region of Muslim Mindanao, Mindanao Economic Development Council,  
17 Southern Mindanao Development Authority, Special Zone of Peace and Development in  
18 formulating policies and programs.

19  
20           **SECTION 18. *Implementing Rules and Regulations.*** - To implement the  
21 provisions of this Act, the Department of Agriculture, the Department of Trade and  
22 Industry and the Department of Finance shall formulate the implementing rules and  
23 regulations of this Act within thirty (30) days after its approval. Such rules and  
24 regulations shall take effect fifteen (15) days after their publication in a newspaper of  
25 general circulation in the Philippines.

26  
27           **SECTION 19. *Separability Clause.*** - If any part or section of this Act is declared  
28 unconstitutional for any reason or whatsoever, such parts not so declared shall remain in  
29 full force and effect.

30  
31           **SECTION 20. *Repealing Clause.*** - All laws, decrees, orders, rules and  
32 regulations or issuances or parts thereof inconsistent with the provisions of this Act are  
33 hereby repealed or modified accordingly.

34  
35           **SECTION 21. *Effectivity Clause.*** -This Act shall take effect after fifteen (15)  
36 days following its full publication in at least two (2) newspapers of general circulation in  
37 the Philippines.

38

1 *Approved,*

2